

**SPEECH FOR THE SOCIETY FOR MINING,
METALLURGY & EXPLORATION**

FEBRUARY 25, 2013

Thank you for that warm welcome. It is a pleasure to be with you today.

Welcome to Colorado!

Our state has a long and colorful history with the mining industry – in fact, it was the Pikes Peak Gold Rush of 1858 that first brought a flood of immigrants to the area -- enough that three years later, in 1861, Colorado became a territory.

Mining grew so quickly throughout the western United States that it was just ten years later that a handful of mining engineers founded the American Institute of Mining, Metallurgical and Petroleum Engineers... the group that your organization is a member of today.

The Pike's Peak Gold Rush was a boom in gold prospecting and mining in the Pike's Peak region – then a part of the Kansas Territory. An estimated 100,000 gold seekers ventured into this area as part of one of the greatest gold rushes in North American history. Their motto: Pike's Peak or Bust!

The Pike's Peak Gold Rush created a few mining camps such as Denver City and Boulder City that would develop into major cities.

Many smaller camps such as Auraria and Saint Charles City were absorbed by larger camps and towns. Scores of other mining camps have faded into ghost towns, but quite a few gold camps such as Central City, Black Hawk, Georgetown, Cripple Creek, and Idaho Springs survive.

The first prospectors panned for gold at the confluence of Cherry Creek and the South Platte Rivers -- present-day Confluence Park in Denver. They began prospecting in the river beds, exploring Cherry Creek and nearby Ralston Creek but without success. They finally struck a small placer deposit near the mouth of Little Dry Creek that yielded about 20 troy ounces of gold, the first significant gold discovery in the Rocky Mountain region.

We are still mining gold in Colorado today.

Of course, as a nation, we have since discovered natural resources that in some ways are far more valuable than gold... such as energy in the form of abundant fossil fuels.

Our nation runs on energy.

It is essential for the economic growth and national security of the United States that we have an adequate, sustainable, environmentally acceptable, and economically viable balanced

supply of energy sources – an all-of-the above plan that includes coal, uranium, and other mined resources.

But, as I will explain to you today, environmental extremists have succeeded in limiting our ability to access our vast energy reserves. As Chairman of the House subcommittee that oversees permitting for energy projects on federal lands, I am working to roll back excess regulations and streamline the permitting process to bring more energy and mineral resources online.

Energy is the key to national economic growth and prosperity. America was built on low-cost and abundant energy, as well as on plentiful mineral wealth. To me, policies that threaten our access to our national resources threaten our greatness as a nation.

The United States is a mineral-rich nation. The current value of select mineral resources in the U.S. is estimated at \$6.2 trillion.

Mining labor makes up less than one quarter of one percent of the available U.S. workforce, yet this small workforce is the starting point for a value chain that consistently contributes 13 to 14 percent of the U.S. economy.

And as the pace of industrialization and urbanization increase around the world, greatly expanding the world's middle class – we can expect a growing demand for minerals, metals, and coal.

As a result, mining is one of the few industries where long-term high-paying jobs are currently being added.

During this Great Recession, mining, as well as energy, is one of the few bright spots in a mostly bleak job market!

As an energy source, coal is vital.

Almost half of the world's energy demand over the past ten years was provided by coal. All other fuels combined, including oil, natural gas, renewable and nuclear energy, accounted for the other half. In fact, every year over the last decade coal has been the world's fastest growing energy source, driven by Asian demand.

A few weeks ago I toured the largest coal mine in the world, north of here in the Powder River Basin. Environmentalists are already working overtime to deny expanded exports of Western coal to Asia.

The United States has the world's largest supply of known recoverable reserves, or about 24 percent. Coal is found in 38 U.S. states, and nearly one-eighth of the country lies over coal beds. America has twice as many BTUs in its coal reserves than the entire world has in its oil reserves. It would be the height of folly to throw this resource away.

But for years, extreme environmentalists have waged war on coal. Mineral-bearing areas on public lands are routinely withdrawn or restricted from development even before comprehensive inventories and economic assessments have been made.

The environmental extremists are bent on making it impossible to open a new coal electrical plant in the United States. Media reports over the weekend say the Obama Administration is going to move forward with new carbon emissions standards for coal plants without seeking Congressional approval. The President and his cronies couldn't pass their environmental agenda – otherwise known as Cap-and-Trade-- through the Congress, so they are trying to go around us.

Already the EPA has issued regulations greatly reducing the number of new coal-fired power plants that will be built in the coming decade without carbon capture and storage. However, full-scale, commercial carbon capture and storage is still in the research and development stage, and may or may not ever be commercially viable. Government regulators are also targeting mercury emissions in existing electrical generation plants, the disposal of coal ash, and long wall mining through stream buffer zone regulations.

When it comes to minerals, a recent report by independent industry consultant Behre Dolbear ranked the U.S. last when our permitting process is compared to the 25 mineral producing nations around the world.

The Bureau of Land Management administers mineral resources on 700 million acres of public lands. Of the 700 million acres, 167 million have been withdrawn, and another 182 million acres

are restricted from future development. That's nearly one-half of all BLM lands that are restricted or off limits!

Public land should remain open and available for mineral exploration and development unless Congressional withdrawals or administrative actions are clearly justified in the national interest. A thorough geological and economic assessment should be made before any land is withdrawn.

What are the consequences of these no-energy policies?

For one, it makes it harder for the U.S. to compete for global investment dollars. Despite reserves of some 78 important mined minerals, the U.S. currently attracts only 8 percent of worldwide exploration dollars and is increasingly reliant on foreign sources of strategic minerals important to national and economic security.

The complexity, uncertainty, and delays within the current permitting system place the U.S. at a competitive disadvantage compared to many other countries that have a more welcoming business and regulatory climate.

Even the Obama Administration acknowledges this! In 2010, the Department of Energy concluded that the 7-10 year period to obtain permits in the United States is one of the principal barriers to new mining ventures in the U.S. Is it any wonder that new mines are opening in countries like Canada and Australia that have a 2 or 3 year permitting process?

God bless you who are committed to the U.S. for sticking it out in a difficult environment.

Too much dependence on foreign countries for critical and rare earth minerals threatens our national security, as well. Though at least 40 percent of the world's rare earth reserves are located within the borders of the U.S. and its ally nations, our country now depends upon imports from China for nearly 100 percent of its rare earth needs.

China has decreased their export through quotas on rare earth oxides and metals by over 70 percent, causing price increases of three to eightfold and shortages of some materials. China has the ability to shut off the U.S. supply of rare earth materials.

In the last session of Congress, I introduced the National Strategic and Critical Minerals Policy Act to promote domestic production of minerals vital to our economy. The bill passed out of the Natural Resources Committee.

I intend to reintroduce this bill again this year.

The legislation would:

- Require the Secretary of the Interior to coordinate a government wide inventory of the Nation's non-fuel mineral resources on federal lands and to identify any restrictions that may inhibit development of these mineral resources.

- Require the Secretary of the Interior to evaluate factors impacting domestic mineral development, such as permitting delays.
- Direct the Interior Department to assemble a report within six months and require them to include a specific inventory of the rare earth element potential on federal lands, and identify restrictions on the exploration or development of rare earth elements, along with recommendations to lift restrictions.
- Require an annual report outlining the progress made in reaching the policy goals described in the bill.

Last summer, the House also passed the Domestic Energy & Jobs Act – a package of seven bills, that included a bill of mine to streamline the energy permitting process on federal lands. H.R. 4480, the Domestic Energy and Jobs Act, addressed high energy costs hurting American families and crippling small businesses. It would have helped to create thousands of badly-needed jobs, lower energy costs to help all Americans and all American industry, not least the mining industry.

Unfortunately, Senate Democrats are refusing to take action on several bipartisan, House-passed bills like these. Is it any coincidence that energy production on federal lands is down seven percent, and gasoline prices have nearly doubled, on President Obama's watch?

One final word on permitting – you will recall, no doubt, that one year ago a U.S. District Court judge ruled the Obama Administration’s Environmental Protection Agency overreached its powers by revoking a permit at the Spruce Mine in West Virginia.

The judge declared the permit was “valid and in full force” but the Obama Administration is challenging the ruling, again trying to destroy coal mining jobs.

My colleague from West Virginia, Representative David McKinley has reintroduced a bill this session of congress to prohibit the EPA from revoking permits already issued. A similar bill passed the House the last Congress – but unfortunately, the Senate did not take it up for debate.

As you can see, we are in a challenging political and regulatory climate for both mineral and energy exploration and development.

Much work needs to be done to reverse the restrictive policies of the current administration.

The bottom line remains – America has abundant energy and mineral resources – but instead of responsibly developing our own resources, we have allowed ourselves to become dependent on foreign countries.

I thank you for the work you do each day to bring energy and minerals to the world. Your efforts drive our national and even

the global economy, and provide a standard of living unparalleled in all of history. You are making America stronger.

I pledge to continue my fight in Congress to open up more of America's energy and mineral to responsible exploration and development.

If we play our cards right, we will remain the strongest and freest nation on the face of the earth.

Thank you and God bless America.

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